



## **Milk Marketing Advisory Council Meeting Minutes**

Held at 10B Airline Drive in Albany and via WebEx

Monday, March 20, 2023, 10:00 am – 2:00 pm

### **Members Attending:**

Chair A. Novakovic, J. Davenport, M. Barnes, A. Gabriel

### **Others attending:**

J. Suarez, C. Wolf, T. Cooley

### **New York State Department of Agriculture and Markets Staff Present:**

Commissioner Ball, J. Trodden, H. Torino

**Attending via Webex:** M. Wiedmann, B. Wallis, C. de Ronde, T. Van Slyke, E. Schoen, L. Williams, C. McCue, C. Alexander

**Disclaimer:** This was a public meeting and procedure followed all rules set forth in Open Meetings Law. Meetings were recorded and posted on the New York State Department of Agriculture and Markets website, along with meeting minutes and additional materials presented. Use the following link to access the webpage: <https://agriculture.ny.gov/milk-marketing-advisory-council>.

## **1. Opening Remarks**

Chair, A. Novakovic welcomed all and opened the meeting by asking Commissioner Ball for his remarks.

2. **Commissioner Ball – Remarks:** C. Ball provided greetings & gratitude to Andy and the MMAC members for their participation and spoke about the following: NASDA Winter Policy Conference, met with Secretary Vilsack on dairy and school milk and the FDA to discuss the Identity of Milk & the announcement the FDA rolled out.

- a. Food Business Regional Innovation Centers – Discussed what is going on around the innovation centers and expressed that there is a fair amount of interest and enthusiasm around the centers. Same concept as Dairy Innovation Hubs. Vermont's Regional Hub has great news coming out of it. Secretary Vilsack expressed the need for these to be regionally oriented. New York is leading this charge with NASDA writing our proposals for us. This could overlap with Dairy innovation work.
- b. Meeting with Washington – Back in February Commissioner Ball went to DC and met with members of both houses who are both incredibly optimistic & fairly knowledgeable on the farm bill. Senator Gillibrand –

Personally met with Senator Gillibrand and expressed her interest in the farm bill. Infant Formula – Highlighted that there is still concern around infant formula.

- c. SILO Work Group – Highlighted the Governor’s initiative to on SILO. With the main goal to streamline the regulations in the Agriculture Community and be more customer oriented toward the farm community by our state agencies. Had two meetings so far and the agriculture community and dairy is well represented here. 3rd Meeting is coming up – Most likely after the budget in New York is passed. Great input from community & great responses from the state agencies.

3. **Deputy Commissioner Jennifer Trodden** – Provided remarks on the following:

- a. Plant Based Beverages –Federal Register Notice – Encouraged members to respond to the notice and state their opinion on FDA’s suggestion of a voluntary label. FDA is taking this seriously, both current and former FDA Commissioner both indicated at their confirmation hearing that they were very interested in this subject and correcting the imbalance in the marketplace.
- b. USDA Announcement of the Federal Register Notice around School Milk – Highlight the importance of having the USDA hear from constituents about this specific subject.
- c. Northeast Dairy Business Innovation Centers – Center housed in the state of Vermont. Created an advisory committee so Commissioner and his counterparts in the Northeast States provide input on the projects they should fund that are really going to help the dairy industry. A Dairy Processing expansion grant is open right now, On Farm Storage, recently awarded , unfortunately they got almost eight million dollars’ worth of applications but could only award \$1million, this was a clear indicator that this is really needed. At a disadvantage by relying on only two players.
- d. State of the State Proposals sponsored by Governor Hochul – Workforce Development Association specifically for Ag - This is a result of all the efforts of the Dairy Think Tank over the last 2-3 years. Interagency Collaboration – In regard to Food Manufacturing & Dairy Processing. We would like to make this process a lot easier. The Governor is very committed to making sure we have more manufacturing here in the state. Coming out of COVID we realized we need to be a little more resilient & sustainable in our food supply chain. The Department of Agriculture & Markets and Empire State Development will co-chair this collaboration. So, new projects are brought to the table and discussed by all agencies, we are already beginning to see this idea pay off.

**Comments:**

- a. Tonya Van Slyke – If we oversubscribed the applications for the on-farm storage and we know that is a bottleneck that we’re having in the industry, might there be an opportunity for a second round since only eighteen projects were able to be

funded? So, it that something a letter should come from our Milk Marketing Advisory Council or the Dairy Think Tank in New York advocating for more funding? Commissioner Ball & DC, Jennifer Trodden – Agreed to this letter.

- b. A. Novakovic – Opened discussion back up for any additional comments or questions and turned the discussion over to Chris Wolf (E.V. Baker Professor of Agricultural Economics) for his presentation on the 2023 Dairy Farm Financial Situation.

- 4. **Presentation 1**: 2023 Dairy Farm Financial Situation – Chris A. Wolfe. Professor of Farm Finance and Farm Business Management. *Please see the PowerPoint presentation on the MMAC website, which is referenced in the Disclaimer section above.*

A. Novakovic – Opened up the Discussion to C. De Ronde.

C. De Ronde shared, C. Wolk always does a great job and covered much of what is going on. I could just kind of put a few numbers and highlights to what Agri-Mark latest forecast is for the remainder of the year. C De Ronde provided that update.

A. Novakovic – Thanked C. De Ronde and turned the floor over to C. Alexander. Who mentioned the weakness in class 4 more so than a weakness in class 3 could you talk about what you see as what is driving the class 4 markets and what you think their prospects are?

C. Alexander – C. De Ronde certainly mentioned things are right on point but going a little broader, in general we are concerned about the demand side some co-ops report running 4% or 5% over, year over year in terms of milk production. Consumer buying habits are shifting, China is playing a big role, as is European production and markets in Southeast Asia.

A. Novakovic – Opened discussion up to the group.

A. Gabriel – Wanted to emphasize what Craig just said on class 4 and provided additional complimentary comments regarding the export market trends.

T. Cooley shared that the Food Service part it really hasn't come back, if you look at a number of restaurants it's just closed down, they're not open.

T. Van Slyke shared that looking to others, all of who identified consumer issues, with providing fifteen cents per hundred weight for check off, how is check off helping us with the consumer side?

T. Cooley shared that we usually market towards different classes, we usually are marketing generic dairy products mainly milk, yogurt and cheese, are those

categories and that's what we stressed with our in-school programs as well as our e-commerce. Efforts tend to be more general in nature.

T. Van Slyke - If we could hear from the cooperatives that would be great.

C. Alexander shared that his assumption is that the message is consistent, the American Dairy Products Institute had a program funded primarily by manufacturers to promote protein as being a really important nutritional aspect to dairy products in general and dairy ingredients, milk powder in particular. On the butter side the American Butter Institute for many years has been funded with some national promotion program funding, but over the years that budget has been cut, which is a shame if they are being effective.

T. Van Slyke shared that she agreed and also shared that if there's nutritional benefits that we need to be talking about.

J. Davenport shared that on the nutrition item, that it's amazing how people only look at calories to cut out of school lunch programs and they forget about the fact that the nutrition they can get in milk, you are not going to get that from French fries, salad greens. Jim also shared that when he was in school all we had was whole milk, no other variations of milk and kids drank according to how big they were and what they were doing. Is dairy the reason for obesity?

T. Cooley shared that ADANE is working on a program to serve lattes in schools. Tonya VanSlyke asked for numbers of NY schools using these, T. Cooley agreed to share at a later time.

M. Barnes shared that the New England Promotion agency does a similar program and it is very successful.

Commissioner Ball asked about exports to Vietnam.

A. Gabriel shared that she thinks that market in general was Vietnam or Indonesia. Sharing that long term, there is still growth there.

A. Novakovic shared that China is a substantial market, and that there is potential there.

T. Cooley shared that he would be making a presentation after lunch on a milk dispenser piloted in NY.

Dc Trodden shared that her understanding is that the NY pilot wasn't as favorable as some of the other locations and other schools. Understanding the dynamic, what are the nuances associated, and why it not successful in New York at that school versus the other schools, would be good to know. She suggested running another pilot to collect additional data.

**5. Presentation 2: Farm Bill:** A. Novakovic – Suggestion for the next half hour of discussion is to talk about the farm bill and hold the Federal Order Discussion as this will be a more extensive discussion.

Opened this meeting up for discussion on the Farm Bill and asked Ed Schoen to begin this discussion.

E. Schoen – There is a lot of energy that has been put into the Farm Bill and I'm very pleased that we've had as many people involved in the process of trying to put together some modification in the farm bill. It won't please everyone, but it will basically move us ahead especially in some of the pricing in class 1.

A. Novakovic – Opened farm bill discussion up to C. De Ronde.

C. De Ronde – There are two major ones that we are looking at.

1. The first would be in the dairy title in the DMC program – One of the things that we need to address is the cap on the tiers. Would like to see the cap be address to actually reflect what an average size farm would be in the United States.

- 1st Tier is at 5 Million - If you think about, when NPP was first started that 5 Million would've reflected with that average farm size in that point of time. This average has gone up, loosely around 8 million or so.

2. Retain the changes that were made over the last couple of years – the alfalfa calculations. These changes really make quite a difference in terms of margin triggering.

3. Allowing folks to adjust their production history over time.

4. Acquire some Mandatory Cost Service – Data to advocate for make allowance numbers and those being updated. This is coming out of the federal order conversation which would require some legislation and we would be using the farm bill to tackle this. Have the cost survey been done by the USDA every 2 years, mandatory auditable. This will make sure these make allowance numbers don't get out control. They will be continuously updated, which in turn is good for the entire industry at large.

- Seeing support for this in mostly all of the major dairy associations.
- Coming in from Gillibrand Bill that was re-introduced

A. Novakovic then asked C. Alexander, to do a comparison with what California did, whether or not we are talking about the same thing here. C. Alexander provided an overview of how California Federal order came about.

A. Novakovic then asked C. De Ronde, M. Barnes, T. Van Slyke and L. Williams for their comments.

T. Van Slyke shared that a lot of NY people are on national committees like IDFA and NMPF working through the comments.

L. Williams shared the following: Picking off what others have said. The tier 1 coverage, our policy says we want to increase that tier 1 from \$9.50 up to \$12 dollars. I think as we all look at the farm bill, it's going to be a big question of budget and whether any of this happens or not. Costs of really increasing on farms. This is 1 way to combat that is to help increase that margin coverage and others have mentioned increasing that 5Million pound limit. Truthfully, our policy is to go up to 10Million pounds again, that's almost doubling what the coverage would be for the program. I think we're looking to settle anywhere between that 5 and 10 million range and hopefully get a good compromise in there. She shared that working on Gillibrand's legislation to call for hearings, to address make allowances, but also, whether it's through the farm bill or separately through legislation is to address the class 1 pricing system and to go back to the Pre 2018 farm bill, is the priority. Then possibly, you know, we've had policy on this and don't know if it'll happen or not, but we are submitting it for consideration is building on the dairy donation program is to see if we could create some type of pilot program for a milk voucher system. For folks who are not able to go to a food bank, they could still through their snap program or through other food assistance be able to pick up milk at the grocery store and have that supplemented either in, with a snap EBT card or through another mechanism as well. Possibly looking at some block voting and some no votes on, federal milk marketing order reform referendums - possibly in the farm bill. I think we're going to have to wait to see about where everybody ends up in terms of the Dairy groups, and definitely DMC is the bigger priority for us at this point.

J. Davenport inquired about the Dairy Pride Act.

L. Williams shared that even if they pass something, then they have to force FDA to do something, and FDA has been slow to roll out some enforcement on those things but that's just my two cents. She also shared that she thinks it's the same thing with school milk nutrition, Congress could take action to force USDA to do something, but we just haven't seen Congress take any meaningful action at this point on that.

A. Novokovic asked which committee that would be in.

L. Williams shared that it falls under the education and labor committee. So, that's why we run into some challenges and political will power there.

A. Novokovic asked T. Van Slyke which farm bill priorities NEDPA has. T. Van Slyke shared their priorities.

A. Novokovic asked others for their comments:

- a. Mike Barnes shared that Tonya said it all, workforce is number one for most of us. Here in New York we are starting to lose our good workers to Vermont because they can get more hours. Environment I think is there and the farm bill always had a strong conservation, not so much on the workforce and labor issue.
- b. Ed Schoen - Definitely labor is always on the top line and the politics of that have not changed.
- c. J. Davenport - Well, I think identity of milk and trying to get FDA straightened out to follow the rules that they have.

**6. Presentation 3:** Northeast Federal Order Data & Trends – B. Riordon – Northeast Federal Milk Order. *Please see the PowerPoint presentation on the MMAC website, which is referenced in the Disclaimer section above.*

A. Novokovic asked others for their comments.

**7. Presentation 4: Milk Dispensing School Pilots Tim Cooley (ADANE)**

A. Novokovic asked others for their comments.

**8. Public Comment Opportunity:**

- No public comments were provided.

**9. Closing Remarks:**

Commissioner Ball ended by thanking everyone for the great discussion.

**10. Meeting adjourned.**

Chair A. Novakovic adjourned the meeting at 2:28PM.

**Attachments:**

1. 2023 Dairy Farm Financial Situation – C. Wolf - Cornell University
2. Northeast Federal Order Data & Trends – B. Riordon – Northeast Federal Milk Order
3. Milk Dispensing School Pilots Goals and Test Areas 2022 - ADANE